

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

COMMISSION OFFICIALS

President	Mr. Michael Boer
Vice President	Mr. David Bitzer (until July 2007)
Treasurer	Ms. Amanda Cagwin
Secretary	Mr. Bradley Warren

Commission office is located at:

C/O SIU-SM ITECH
P.O. Box 19680
Springfield, IL 62794-9680



Illinois Medical District at Springfield

P.O. Box 19680 • Springfield, Illinois 62794-9680 • 217.527.3908

MANAGEMENT ASSERTION LETTER

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

October 30, 2007

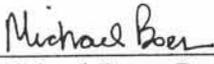
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the District. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the District's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the year(s) ended June 30, 2007 and June 30, 2006, the District has materially complied with the assertions below.

- A. The District has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The District has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The District has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the District are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the

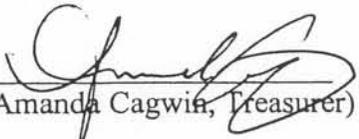
accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Medical District at Springfield Commission



(Michael Boer, President)



(Amanda Cagwin, Treasurer)

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Compliance</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Compliance</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

There were no findings noted during our testing.

EXIT CONFERENCE

The Illinois Medical District at Springfield Commission waived an exit conference in correspondence dated October 22, 2007.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON
INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY
INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Illinois Medical District at Springfield Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the Illinois Medical District at Springfield Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Medical District at Springfield Commission's compliance based on our examination.

- A. The Illinois Medical District at Springfield Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois Medical District at Springfield Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois Medical District at Springfield Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Illinois Medical District at Springfield Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois Medical District at Springfield Commission on behalf of the State have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Illinois Medical District at Springfield Commission's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Medical District at Springfield Commission's compliance with specified requirements.

In our opinion, the Illinois Medical District at Springfield Commission complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2007. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Internal Control

The management of the Illinois Medical District at Springfield Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Illinois Medical District at Springfield Commission's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Illinois Medical District at Springfield Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Medical District at Springfield Commission's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this

section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2006 and the 2007 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, and Illinois Medical District at Springfield Commission members and is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

October 30, 2007

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)

- Analysis of Operations:

Commission Functions and Planning Program

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, to the 2006 and 2007 Supplementary Information for State Compliance Purposes. However, the auditors do not express an opinion on the supplementary information.

The auditors have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, do not express an opinion thereon.

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)
 For the Two Years Ended June 30, 2007

	Operating Fund	
	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 8,005	\$ 281,289
Receipts:		
Interest	37	4,446
Disbursements:		
Contractual Services	0	277,300
Printing	6,800	430
Travel	1,187	0
Bank Service Charges	<u>55</u>	<u>0</u>
Ending Cash Balance	<u><u>\$ 0</u></u>	<u><u>\$ 8,005</u></u>

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2007

COMMISSION FUNCTIONS AND PLANNING PROGRAM

FUNCTIONS

The Illinois Medical District at Springfield Commission (Commission) was created January 3, 2003 as a result of Public Act 92-0870. The Illinois Medical District at Springfield Act (Act) (70 ILCS 925 *et seq.*) provides the powers and duties of the Commission. The purpose of the Commission is to attract and retain academic centers of excellence, viable health care facilities, medical research facilities, emerging high technology enterprises, and other facilities and uses as permitted by the Act. Pursuant to the Act, the Commission has the following statutory powers:

- a. To plan, construct, acquire, develop, operate, expand, maintain and/or contract health care facilities and other ancillary or related facilities including but not limited to; hospitals, sanitariums, clinics, laboratories or any other institutions, buildings, or structures.
- b. To preserve the proper surroundings for a medical center and related technology center in order to attract, stabilize, and retain within the District hospitals, clinics, research facilities, educational facilities, or other facilities.
- c. To exercise the right to sell, convey, transfer, or lease, all at fair market value, any title or interest in real property owned by it to any person or persons.
- d. To secure grants, loans or appropriations from the State of Illinois, the federal government, any State or federal agency or instrumentality, any unit or local government, or any other person or entity to be used for any of the purposes of the Commission.
- e. To collect assessments or fees from entities that enter into a contract for District enhancement and improvements, common area shared services, shared facilities or other activities or expenditures.
- f. To acquire the fee simple title to real property located within the District and personal property required for its purposes, by gift, purchase, or otherwise.
- g. To provide relocation assistance to persons and entities displaced by the Commission's acquisition of property and improvement of the District.
- h. To issue revenue bonds in its corporate capacity to be payable from the revenues derived from the operation of the institutions or buildings owned, leased, or operated by or on behalf of the Commission.

- i. To prepare and approve a comprehensive master plan for the orderly development and management of all property within the District.
- j. To establish an advisory council consisting of 2 representatives, appointed by the Mayor of Springfield, to review and make recommendations to the Commission with respect to the comprehensive master plan.
- k. To exercise the right to use all money received as rentals for the purposes of planning, acquisition, and development of property within the District, for the operation, maintenance, and improvement of property of the Commission, and for all purposes and powers set forth in the Act.

The Commission began operations in June 2003. The Commission is made up of nine members, four appointed by the Governor with the advice and consent of the Senate, four appointed by the Mayor of Springfield with the advice and consent of the Springfield city council, and one appointed by the Chairperson of the County Board of Sangamon County. Mr. Michael Boer was elected President on June 25, 2003 and has served as President from that time forward.

The Commission members at June 30, 2007 were:

Appointed by the Governor

David Bitzer, Vice President
LuAnn Johnson, Commissioner
Tom McLaughlin, Commissioner
Donald Ross, Commissioner

Appointed by the Mayor of Springfield

Michael Boer, President
John Short, Commissioner
Mitch Johnson, Commissioner
Maureen Mulhall, Commissioner

Appointed by the Chairperson of the County Board of Sangamon County

Elvin Zook, Commissioner

PLANNING PROGRAM

The Illinois Medical District Commission at Springfield meets as necessary, usually once a month, to conduct business and to discuss various planning and marketing strategies. The Master Plan was approved unanimously by the Commission and the Commission's Advisory Counsel in November 2005 and now serves as the official guide for future District development

activity. The Commission's strategic goals include increasing and enhancing awareness of the District through implementation of portions of the Commission's new marketing plan and establishing the capacity to facilitate new development within the District.